



Board Report

File #: 2023-0202, File Type: Motion / Motion Response

Agenda Number: 13.

**PLANNING AND PROGRAMMING COMMITTEE
JUNE 14, 2023**

SUBJECT: MEASURE M 3% LOCAL CONTRIBUTION ADDITIONAL GUIDELINES REVISIONS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING a report back on Motion 10.1 (Attachment A); and
- B. AUTHORIZING for public review and comment the release of the revised Measure M Guidelines, Section VIII - 3% Local Contribution to Major Transit Projects (Attachment B).

ISSUE

In February 2023, the Board approved several revisions to the Measure M Guidelines (Guidelines) and requested additional revisions and analysis via Motion 10.1 by Directors Hahn, Dutra, Butts, and Sandoval (Attachment A). This report presents the analysis, and requests approval to release newly revised draft Guidelines for public review and comment, per the Board approved Measure M Guidelines.

BACKGROUND

The Measure M Ordinance (Ordinance) requires local jurisdictions to pay three percent (3%) of the total cost of new major rail projects. The Measure M Guidelines adopted by the Board in 2017 (File# 2017-0280) guide Metro's implementation of this requirement. In April 2022, Motion 35 by Directors Hahn, Garcetti, Butts, and Dutra (Attachment C) requested that staff make several revisions to the Guidelines to for consistency and flexibility. Following public review, the Board approved these revisions in February 2023 and requested additional changes and analysis through Motion 10.1.

DISCUSSION

Guideline Revisions

Motion 10.1, Directives A, B, D, and E requested that staff make further revisions to the Guidelines. These revisions are summarized as follows, and are reflected in Attachment B.

- Directive A requested that the Guidelines clarify that jurisdictions owing a 3% contribution may receive credit for eligible improvements or actions taken by neighboring non-contributing jurisdictions. This would allow, for example, a jurisdiction to receive credit for qualifying First Last Mile improvements made by another jurisdiction along a corridor. This flexibility is already allowed, is consistent with the Ordinance, and has been added to the “Eligible Fund Contributions” section of the guidelines for clarity. The financial impact of this existing flexibility, to the extent that it incentivizes additional FLM improvements, will be a reduction in Metro’s ability to collect cash contributions in cases where a neighboring jurisdiction’s FLM improvement is the owing jurisdiction’s creditable contribution. This will increase the funding gap for the major project by the cost of the FLM improvement. Per the Guidelines, all other in-kind contributions must be included in the scope of work for the major project by 30% design.
- Directive B requests that eligible fund sources include Metro competitive grants, which were previously not allowed per the Guidelines. Allowing jurisdictions to use Metro competitively awarded grant funds would have no negative financial impact on the funding plan for the project, and the Guidelines have been revised accordingly.
- Directive D requests that the Guidelines clarify that projects separate from the current operable segment, or project elements added after 30% design, would not impact the contribution owed for the current operable segment. This approach is consistent with the Ordinance and several scenarios have been added to the “Program Methodology” section of the revised Guidelines for clarity.
- Directive E requests that the Guidelines clarify that potential contributions implemented by jurisdictions prior to 30% design may count toward their contribution. This flexibility is already allowed, is consistent with the Ordinance and has been added to the “Eligible Fund Contributions” section of the guidelines for clarity. In some cases, this flexibility could extend to improvements made by jurisdictions well in advance of the transit project. When Metro treats these improvements as creditable elements of the transit project scope rather than baseline conditions, the resulting financial impact will increase the funding gap for the major project in the amount of the previously completed eligible improvement.

The above changes and clarifying revisions to the Guidelines will be circulated to the public via mass email for a 30-day review period beginning June 23, 2023. Any comments received will be incorporated as needed into the final Guideline revisions which will be presented for Board consideration and approval in September 2023. Accompanying the revised Guidelines is an updated 3% Contribution Fact Sheet (Attachment D).

Analysis of Excluding Regionally Significant Project Elements

Directive C in Motion 10.1 requested that staff “evaluate a way to exclude the costs associated with regionally significant project elements - such as a new I-105 C Line station on the C Line (Green) or a Maintenance and Storage Facility (MSF) on the Gold Line Eastside Phase 2 - from the total project’s cost’s 3% local contribution calculation.” While the request for this analysis does not make any immediate changes to the Guidelines, the effect of ultimately implementing this change would be far-

reaching with significant financial and schedule impacts. If the Board requests additional changes to the Guidelines in this area, it may impact Metro's ability to collect contributions for several eligible projects, which would delay this necessary financial support and potentially delay project delivery.

The Measure M Ordinance applies the 3% contribution requirement to the "total project cost" for all projects coded "T" in the Expenditure Plan. The total project cost would include all elements of the rail corridor project, such as stations, guideways, traction power, and maintenance and storage facilities. The Ordinance also gives the Board discretion to apply, or not apply, the sales tax withholding remedy in situations where a jurisdiction does not fulfill the contribution obligation. Through this discretion, the Board could exclude all or portions of the capital project from the 3% contribution cost basis. Excluding elements of the project would negatively impact project financing, creating a funding gap and potential schedule delay if new funding sources need to be developed to cover the gap.

Specific to the Board's request, Metro has not previously defined a category of regionally significant project elements and suggests a new definition consistent with Motion 10.1 to include major capital facilities integral to corridor construction that are intended to serve multiple rail lines. This would include rail station construction at intersecting lines where neither line has an existing station, and MSFs intended to serve multiple lines. Metro evaluated projects in the Expenditure Plan and found three regionally significant project elements that could potentially be excluded:

- C Line infill station construction (\$75M-\$150M);
- Eastside Phase II MSF (\$700M-\$1.8B); and
- Airport Metro Connector (\$701M).

The C Line infill station and Eastside Phase II MSF were identified in Motion 10.1. While the Airport Metro Connector is a stand-alone project, it would likely fall within the definition of a regionally significant project element. Metro reviewed the Expenditure Plan and found no other reasonably foreseeable projects that might include regionally significant project elements.

With this information, Metro estimates that excluding the above project elements would reduce the local contribution by \$44.3M to \$79.5M. This would result in significant savings for jurisdictions but would also create a funding gap for which Metro would need to seek other funding which could also result in schedule delays. Metro does not recommend excluding these facilities due to financial constraints and schedule delays. Note, however, that Metro will explore opportunities to allocate part of the cost of these facilities to the other projects or rail lines that they serve. This approach recently resulted in costs for the Southwestern Yard being allocated to both the K Line and the C Line, reducing the 3% local contribution for the K Line accordingly.

DETERMINATION OF SAFETY IMPACT

The proposed approval will not have any adverse safety impacts on employees or riders.

FINANCIAL IMPACT

Approving the recommendations, including the proposed changes to the Guidelines, will have no impact on the FY 2022-23 Budget. The Guideline's existing flexibility related to Directives A, B, D, and E reduce Metro's ability to receive cash contributions from local jurisdictions, which increases Metro's forecasted capital project funding gaps. In addition, as noted above, excluding certain regionally significant project elements from the 3% contribution cost basis would result in significant funding gaps and associated delays as new funding sources would need to be developed.

EQUITY PLATFORM

The substantive changes resulting from this action include expanding eligible funding sources to include Metro competitive grant funds. This will provide additional flexibility to jurisdictions owing a 3% contribution, including those within Equity Focus Communities (EFCs), which is intended to support jurisdictions with fewer financial resources. The remainder of the revisions to the Guidelines clarify existing practices and enhance consistency of current policy with the Measure M Ordinance, and therefore have no impact on equity opportunities. The 3% local contribution is one of the financial resources supporting Metro's major rail transit projects program in the Measure M Expenditure Plan. These projects will benefit communities by adding new high-quality reliable transit services, many of which will increase mobility, connectivity, and access to opportunities for historically underserved and transit-dependent communities. Metro will continue to conduct outreach and provide technical assistance on the 3% contribution requirement to affected jurisdictions, including assisting with identifying viable financing strategies. Staff will also analyze how each project might impact equity and Equity Focus Communities. These analyses will be included in future Board items (e.g. notifying the Board of the 3% contribution amount by jurisdiction based on 30% design) on a project-by-project basis.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports the following strategic plan goals identified in Vision 2028: Goal 1: Provide high-quality mobility options that enable people to spend less time traveling, Goal 3: Enhance communities and lives through mobility and access to opportunity and Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board could elect not to authorize releasing the draft revised Guidelines for public review. This is not recommended as the proposed revisions resulted from Board direction and will increase the level of clarity the Board has requested within the Guidelines.

NEXT STEPS

The draft revised Guidelines will be circulated for public review and comment beginning June 23, 2023 via mass email, notification via Metro's The Source, and website posting until July 24, 2023. After incorporating public comment, the final revisions to the Guidelines will be presented for Board approval in September 2023.

ATTACHMENTS

Attachment A - Motion 10.1

Attachment B - Measure M 3% Local Contribution Guidelines Draft Revisions

Attachment C - Motion 35

Attachment D - 3% Contribution Fact Sheet

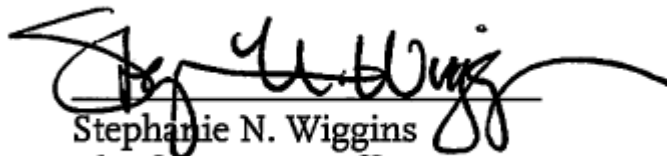
Prepared by: Adam Stephenson, Senior Director, Countywide Planning & Development, (213) 547-4322

Fanny Pan, Executive Officer, Countywide Planning & Development, (213) 418-3433

Laurie Lombardi, Senior Executive Officer, Countywide Planning & Development, (213) 418-3251

Ray Sosa, Deputy Chief Planning Officer, (213) 547-4274

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Stephanie N. Wiggins
Chief Executive Officer

Metro



Metro

Board Report

File #: 2023-0104, File Type: Motion / Motion Response

Agenda Number: 10.1.

**EXECUTIVE MANAGEMENT COMMITTEE
FEBRUARY 16, 2023****Motion by:****DIRECTORS HAHN, DUTRA, BUTTS, AND SANDOVAL**

Related to Item 10: Measure M 3% Local Contribution Guidelines Revisions

In response to Metro Board direction (File No 2022-0258), Metro staff have undertaken substantial revisions to the Measure M guidelines, specific to the 3% Local Contribution requirement for transit capital projects. Staff's proposed guidelines (File No. 2022-0828) incorporate requests from jurisdictions to increase flexibility, provide more opportunities for in-kind contributions, and further incentivize the first-/last-mile investments that will make these major transit investments in our region more successful.

While the revisions represent a welcome change to those originally drafted and approved in 2017, there are still some clarifications that should be offered in order to fully address concerns from jurisdictions that welcome the future transit capital investments and want to ensure they are fully engaged and able to participate.

SUBJECT: MEASURE M 3% LOCAL CONTRIBUTION GUIDELINES REVISIONS MOTION**RECOMMENDATION**

APPROVE Motion by Directors Hahn, Dutra, Butts, and Sandoval that the Board direct the Chief Executive Officer to make the following revisions to the proposed Local Contribution guidelines:

- A. Add language to allow cost-sharing, so that jurisdictions who have qualifying first-/last-mile or in-kind improvements, but do not have a 3% local contribution requirement, can credit those investments they make toward neighboring jurisdictions' 3% local contribution obligations;
- B. Provide jurisdictions with maximum flexibility in all sources of funding for first-/last-mile investments by striking the words "non-Metro" from the first sentence in the "Eligible Funds" section, so that Metro competitive grants may also be an eligible fund source to make qualifying investments, which would be consistent with grant-making policy such as Federal and State funds where local match must come from sources other than those Federal and State funds;
- C. Evaluate a way to exclude the costs associated with regionally significant project elements -

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such as a new I-105 C Line station on the C Line (Green) or a maintenance and storage facility on the Gold Line Eastside Phase 2 - from the total project's cost's 3% local contribution calculation;

- D. Clarify the local contribution obligation responsibility for any future station, such as a Rio Hondo Confluence Station, that is not part of a project's 30% design but may be added at a later date, to ensure that any 3% obligation for any such station will be borne solely by the jurisdiction (s) in which it is located;
- E. Confirm that qualifying first-/last-mile investments and in-kind contributions shall be considered eligible to credit toward a jurisdiction's 3% local contribution obligation, even if implemented prior to 30% design; and,
- F. Report back to the Board in no more than 120 days on the above requests, including a fact sheet for affected cities.

REVISED MEASURE M GUIDELINES, SECTION VIII. 3% LOCAL CONTRIBUTION TO MAJOR TRANSIT PROJECTS

The following shall replace Section VIII. in its entirety.

INTRODUCTION

The Measure M Ordinance includes a provision for 3% local contribution to major rail transit capital projects. The rationale for the contribution is that local communities with a rail station receive a direct benefit due to the increased access to high-quality transit service that is above and beyond the project's benefit to the County as a whole. Countywide, the 3% local funding contribution represents more than \$1 billion in funding to support the project delivery identified in the Expenditure Plan. The 3% local funding contribution is a critical element of a full funding plan for these rail transit projects. The Ordinance includes provisions that allow development of a mutual agreement between a jurisdiction and Metro, and a default payment mechanism if such an agreement cannot be reached. The agreements shall be in accordance with these guidelines.

PROGRAM METHODOLOGY

The Ordinance calculates the local contribution based upon the percent of project total centerline track miles to be constructed within a local jurisdiction's borders if one or more new stations are to be constructed within that jurisdiction. These guidelines reflect the nexus between mobility benefits provided to a jurisdiction based on the presence of a new station within the jurisdiction. The local contribution will be calculated by distributing 3% of the total project cost, estimated at the conclusion of thirty percent (30%) of final design, to jurisdictions based on centerline track miles per the Ordinance. For projects along a larger transit corridor with more than one operable segment, each operable segment will have its own "total project cost" for purposes of calculating the 3% local contribution for each segment. Jurisdictions will incur a 3% local contribution obligation only for operable segments that include station construction within their borders. Contributions for future segments, future stations on the current segment, other future projects, or project scope identified after 30% design will follow applicable policies to determine any required local contribution for those improvements. Other arrangements agreed upon by every local jurisdiction in a project corridor with a local contribution obligation are also acceptable, provided that the total of all jurisdictions' contributions equals 3% of the estimated total project cost. A list of jurisdictions that may be affected, subject to changes determined by the environmental process, is included as Appendix A.

An agreement approved by both Metro and the governing body of the jurisdiction shall specify the total project cost as determined at the conclusion of thirty percent (30%) of final design, the amount to be paid by the local jurisdiction, and a schedule of payments. Once approved, the amount to be paid by the local jurisdiction shall not be subject to future cost increases.

Eligible Fund Contributions

Eligible fund sources to satisfy 3% local contribution include any funds controlled by the local agency or local agencies (e.g., General Fund, State Gas Tax Subventions, Prop. A, Prop. C and Measure R and Measure M Local Return Funds, Measure M Subregional Program Funds), or any funds awarded from ~~non-Metro~~ competitive grant process funding. Measure M Subregional Program Fund contributions must be accompanied by documented agreement from all jurisdictions that would otherwise be eligible for those sub-regional funds. Contributions, including in-kind and FLM investments, are eligible for credit with Metro approval even if made prior to 30% design. This may increase the funding gap for the transit project.

In-kind contributions eligible to satisfy 3% local contribution include, but are not limited to, project specific right-of-way, waiver of permitting fees, local agency staff time (incurred and forecast) and other subregional investments that support a Metro transit corridor if those costs are specifically included in the project cost and contribution amount by the conclusion of thirty percent (30%) of final design. While the contributing jurisdictions are ultimately responsible for fulfilling the financial obligation per the Measure M Ordinance, they may receive credit for eligible in-kind, FLM, or other contributions made by non-contributing jurisdictions. Note that this may increase the funding gap for the transit project. Metro will not be responsible for implementing any part of interjurisdictional agreements that facilitate such credit.

In-kind contributions consistent with this section will not be considered “betterments” for the purposes of these Guidelines and are eligible to satisfy local contribution obligations in lieu of Metro withholding up to 15 years of Measure M Local Return.

Betterments

Betterments are defined consistent with existing policy adopted by the Metro Board on Supplemental Modifications to Transit Projects (October 2013). A “betterment” is defined “as an upgrade of an existing city or utility’s facility or the property of a Third Party, be it a public or private entity, that will

upgrade the service capacity, capability, appearance, efficiency or function of such a facility or property of a third party.” Once the 30% design project scope and cost have been determined as the basis of the 3% contribution calculation, subsequent betterments cannot be included in that calculation, nor counted toward a jurisdiction’s eligible contribution. However, they may be included in the project scope if carried at the jurisdiction’s expense.

Active Transportation and First/Last Mile Investments

These guidelines reflect provisions adopted by the Board that allow and incentivize local jurisdictions, through an agreement with Metro, to meet all or a portion of their 3% local contribution obligation through first/last mile (FLM) investments. All local FLM improvements must be consistent with station area plans that will be developed and adopted by Metro in coordination with the affected jurisdiction(s). The criteria for local FLM investments for FLM contributions are described in full in the First/Last Mile Guidelines adopted by the Metro Board of Directors on May 27, 2021 (File #2020-0365), specifically to carry out integration of FLM within transit capital projects.

FLM improvements consistent with this section will not be considered “betterments” for the purposes of these Guidelines and are eligible to satisfy local contribution obligations in lieu of Metro withholding up to 15 years of Measure M Local Return.

Local Contribution Limits

The 3% local contribution will only be calculated against the overall project scope and cost determined at the conclusion of thirty percent (30%) of final design and will not include costs for FLM improvements delivered by entities other than Metro. Local agencies cannot count other transportation investments that are not included in the project scope and cost estimate after the conclusion of thirty percent (30%) of final design. Metro staff will provide written notice to the affected jurisdiction(s) and a report to the Metro Board after the completion of thirty percent (30%) of final design.

Contributions for calculations assigned to the County of Los Angeles are to be determined by the County.

Opt-Out Option

Metro will withhold up to 15 years of Measure M Local Return Funds from local agencies that fail to reach a timely agreement with Metro on their 3% contribution prior to the award of any contract authorizing construction of the project within the borders of that jurisdiction. Local return funds from

Proposition A, Proposition C, and Measure R are not subject to withholding. In some cases, principally in smaller cities, the default withholding of 15 years of local return from Measure M Local Return Funds will be less than a full 3% contribution. In these cases, Metro may accept either amount as the 3% contribution, and may execute a corresponding agreement with the jurisdiction. The cities that fulfill the 3% contribution requirement through the Local Return withholding mechanism, including offsets for approved FLM improvements and in-kind contributions, will suffer no further financial impact.

AUDIT REQUIREMENTS

Use of Measure M funds will be subject to audit and oversight, and all other applicable state and local laws.

REPORTING REQUIREMENTS

Metro will provide annual reports to the Measure M Independent Taxpayer Oversight Committee describing how uses of the Measure M Funds are contributing to accomplishing the program objectives.

REVISIONS TO PROGRAM GUIDELINES

These program guidelines may be revised by the Metro Board of Directors.

Metro



Board Report

File #: 2022-0258, **File Type:** Motion / Motion Response

Agenda Number: 35.

**CONSTRUCTION COMMITTEE
APRIL 21, 2022**

Motion by:

DIRECTORS HAHN, GARCETTI, BUTTS, AND DUTRA

3% Contribution Motion

The Measure M ordinance requires local jurisdictions to pay three percent (3%) of the total project cost of a major Measure M rail project. According to Section 7.f of the Measure M ordinance, each jurisdiction's obligation is calculated "based upon the percent of project total centerline track miles to be constructed within that jurisdiction's borders if one or more stations are to be constructed within the borders of said jurisdiction." This requirement is generally referred to as the "3% Contribution."

Clarifications are necessary to ensure that local jurisdictions fully understand their 3% Contribution calculation and that Metro fully incentivizes local jurisdictions to make First-Last Mile improvements that will benefit Metro projects and increase transit ridership, consistent with Board policy.

First, the Measure M Guidelines (Board File 2017-0280) differ from the Measure M ordinance on how Metro calculates the 3% Contribution. While the Measure M ordinance applies the 3% Contribution only to local jurisdictions where a new station is to be constructed, the Measure M Guidelines extend this obligation to all local jurisdictions within a half-mile of a new station. To ensure clarity, Metro should revise the Measure M Guidelines to be consistent with the Measure M ordinance.

Additionally, not all jurisdictions are presently incentivized to make First-Last Mile investments. Existing Metro Board policy (Board Files 2016-0451 and 2020-0365) seeks to incentivize local jurisdictions to make First-Last Mile investments by allowing the value of those investments to count toward all of a jurisdiction's 3% Contribution obligation. However, as detailed below, this incentive is currently not available to all jurisdictions.

In cases where a jurisdiction's 3% Contribution exceeds 15 years of their Measure M Local Return, per the Measure M ordinance Metro may withhold their Measure M Local Return for up to 15 years. To preserve these jurisdictions' incentive to deliver First-Last Mile investments, Metro should allow withheld funds to satisfy the 3% contribution via an agreement with the jurisdiction such that the value of First-Last Mile investments delivered by that jurisdiction count against their up-to 15-year Measure M Local Return withholding, so long as those investments are consistent with established Metro procedures (such as the First-Last Mile Guidelines). This will ensure First-Last Mile incentives are fully available to all jurisdictions.

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Further, to ensure that local jurisdictions are not over-charged for their 3% Contribution, the Board should clarify that a transit corridor's "total project cost" (calculated at 30% design to determine a jurisdiction's 3% Contribution) should refer only to the transit project and related elements delivered by Metro itself. First-Last Mile improvements delivered by local jurisdictions should not be included in the "total project cost" from which Metro calculates a jurisdiction's 3% Contribution.

Finally, the Measure M Guidelines provide that a transit corridor's total 3% Contribution may be met through in-kind contributions or "other arrangements agreed upon by every local jurisdiction in a project corridor." The Board should reaffirm that subregional investments that support a Metro transit corridor should be eligible to count toward a project's total 3% Contribution under this provision.

Following determination of the "total project cost" at 30% design, the manner in which a local jurisdiction shall fulfill its 3% obligation should be generally understood by the time a Metro project reaches construction contract award, pending final agreement between Metro and that jurisdiction.

SUBJECT: 3% CONTRIBUTION MOTION

RECOMMENDATION

APPROVE Motion by Directors Hahn, Garcetti, Butts, and Dutra that the Board direct the CEO to update the Measure M Guidelines and First-Last Mile Guidelines in accordance with the following:

- A. Revise the Measure M Guidelines 3% Contribution calculation to be consistent with the Measure M ordinance;
- B. In cases where Metro withholds 15 years of Measure M Local Return, clarify that Metro will allow withheld funds to satisfy the 3% contribution via an agreement with the jurisdiction, that jurisdictions may spend withheld funds on First-Last Mile investments, and that those expenses shall be eligible to credit toward a jurisdiction's 15-year total Measure M Local Return obligation in accordance with established Metro procedures, such as the First-Last Mile Guidelines and Measure M Guidelines;
- C. Confirm that the cost of First-Last Mile improvements delivered by local jurisdictions shall not be included in the "total project cost" from which Metro calculates the 3% Contribution;
- D. Consistent with precedent from the Purple Line Extension, confirm that jurisdictions along segments of a larger transit corridor will incur a 3% Contribution obligation only for project segments that include station construction within their jurisdiction; and,
- E. Reaffirm that in-kind contributions and subregional investments that support a Metro transit corridor may count toward a project's total 3% Contribution under existing provisions of the Measure M Guidelines.

WE FURTHER MOVE that the Board direct the CEO to report back on all the above to the Construction Committee in June 2022.

Metro 3% Local Contribution

Metro Project Financing

Metro projects require significant financial support, and a key resource for new rail corridors relies on contributions from jurisdictions along the projects. **Per the Measure M Ordinance, 3% of the cost of each new rail project shall be paid by jurisdictions based upon the percent of track miles within a jurisdiction's borders, if a station is to be constructed within that jurisdiction.** This is known as the 3% local contribution.

In the early stages of project development Metro will conduct outreach to jurisdictions that may have a 3% local contribution obligation. Once a project reaches the 30% design level, Metro will calculate the local contribution and initiate negotiations with each applicable jurisdiction toward a 3% local contribution agreement. This agreement will establish the local contribution amount, specific financial and in-kind sources the jurisdiction intends to use, and timeframes necessary to support Metro project development.

Contact Information

MMguidelines@metro.net

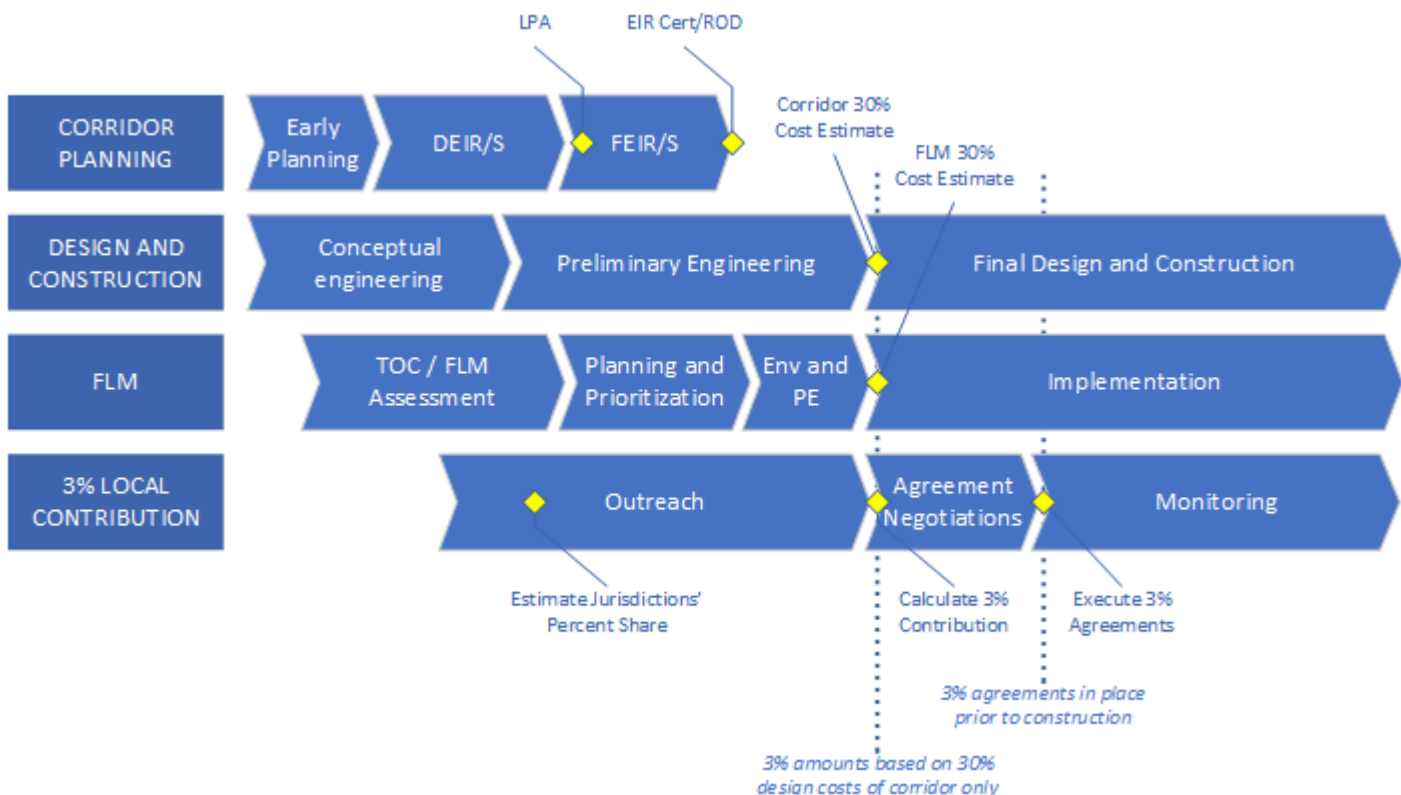
Resources

Available on the Metro website:

- Measure M Guidelines
- First-Last Mile Guidelines
- Metro: How We Plan and Build
- Metro: Projects

Technical Assistance available upon request

Integrating the 3% Local Contribution and Project Development*



*The diagram shows a typical design-build process. Other project delivery methods may realign some activities.

How is it calculated? Metro will first establish the cost basis for the local contribution by estimating the transit project cost based on 30% design. 3% of that cost basis will be the overall local contribution. Metro will then identify project segments that cross through jurisdictions where no station is to be constructed and subtract these from the overall project length. The overall 3% local contribution will then be allocated to jurisdictions where stations are to be constructed based upon the percent of adjusted centerline track miles within the jurisdiction's borders

Note that the 3% contribution only applies to the operable project segment and only for project scope identified by 30% design. Future project phases or project elements added after 30% design will not affect the contribution owed for the current segment.

If a jurisdiction is unable to satisfy the full 3% contribution, Metro may withhold Measure M local return funds until the obligation is met, or up to 15 years.

What sources are eligible to pay it? Jurisdictions may use any locally controlled funds. They may also receive credit for the value of in-kind contributions to the project (e.g. right-of-way) if those costs are specifically included in the project cost and contribution amount by 30% design. Additionally, jurisdictions may receive credit for qualifying First-Last Mile (FLM) improvements contained in a Metro Board adopted FLM Plan.

Jurisdictions owing a 3% contribution may receive credit for eligible improvements or actions taken by neighboring non-contributing jurisdictions. This would allow, for example, a jurisdiction to receive credit for qualifying FLM improvements made by another jurisdiction along a corridor. Note that this may increase the funding gap for the transit project.

In cases where Metro is withholding local return funds, a jurisdiction may still receive credit for qualifying FLM and in-kind improvements.

When is the repayment deadline? While the 3% contribution agreement will stipulate specific timeframes on a project-by-project basis, generally a jurisdiction should satisfy all financial obligations by the midpoint project construction. In-kind contributions and FLM improvements must generally be complete by the time the project is open for revenue service.

In cases where Metro is withholding local return funds, Metro will begin withholding approximately the same year as construction is authorized in the applicable jurisdiction.

What is the process for receiving credit for in-kind contributions? As project design progresses, jurisdictions should identify opportunities to contribute to elements of the project scope, the value of which can be credited to the jurisdiction. In most cases Metro will consider in-kind contribution proposals (e.g. right-of-way, city-led infrastructure improvements) during the preliminary engineering phase. Regardless of when the in-kind proposal is made, it must be for a project element that is included in the scope at 30% design per the Measure M Guidelines.

A large, stylized letter 'M' is positioned at the top of the slide. The 'M' is composed of several white, rectangular blocks with a slight 3D effect, set against a dark green circular background. This green circle is partially overlaid by a larger, vibrant orange circle that curves across the middle of the slide. The background below the orange circle is a dark, almost black, gradient.

Item 13 - Measure M 3% Local Contribution

Guidelines Revisions

Planning and Programming Committee
June 14, 2023



Metro

Measure M Guidelines Revisions

Previous Revisions

- Initiated with Motion 35 in April 2022
- Public review and comment Fall 2022
- Board adopted revisions in February 2023
 - Revise calculation method (total project cost excludes FLM, based on track mileage only);
 - Provided additional flexibility for FLM and in-kind credit;
 - Clarifications

Measure M Guidelines Revisions

Current Revisions

- Initiated with Motion 10.1 in February 2023
 - Board requested additional edits, and analysis of excluding “project elements of regional significance”
- Directives A, D, and E clarify existing flexibility
- Directive B allows improvements funded with Metro competitive grants to be an eligible contribution source
- Financial impacts associated with A and E

Measure M Guidelines Revisions

Analysis of Excluding Regionally Significant Project Elements

- New definition
- E.g. I-105 C Line station; MSF on the GLE Phase 2; AMC
- Potential loss in local contribution ranging from \$44.3M to \$79.5M
- Metro would need to fill the resulting funding gap, which could also cause delays in project delivery

Measure M Guidelines Revisions

Next Steps

- Release draft revisions for public review following Board authorization
- Respond to comments, incorporate in final revisions for Board approval in September
- After September: outreach and workshops with project corridor cities